

## Message Text

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ACTION NEA-09

INFO OCT-01 ISO-00 EB-07 /017 W  
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R 051146Z MAR 75  
FM AMEMBASSY NEW DELHI  
TO SECSTATE WASHDC 7311  
INFO USDOC WASHDC  
AMCONSUL BOMBAY  
AMCONSUL CALCUTTA  
AMCONSUL MADRAS

UNCLAS NEW DELHI 3090

E.O. 11652: N/A  
TAGS: BEXP, IN  
SUBJ: PRODUCT OPPORTUNITY: POTENTIAL NEW TRUCK ASSEMBLY PLANT

REF: STATE 41897

1. THE GOI (DEPARTMENT OF HEAVY INDUSTRY) IS ACTIVELY CONSIDERING THE ESTABLISHMENT OF A NEW PUBLIC SECTOR MANUFACTURING FACILITY CAPABLE OF PRODUCING 24,000 TRUCKS OF 10 METRIC TONS PAYLOAD CAPACITY ANNUALLY. THE PROPOSED PLANT, ACCORDING TO PRESENT OFFICIAL THINKING, WILL COMPRISE THREE MANUFACTURING COMPLEXES: (A) VEHICLE PLANT, AXLE PLANT, PRESS PLANT, STEEL FOUNDRY AND NON-FERROUS FOUNDRY; (B) ENGINE PLANT, GREY IRON FOUNDRY AND STEEL FORGE OPERATIONS; AND (C) TRANSMISSION PLANT.
2. THE TOTAL COST OF THE PROJECT, WHICH IS EXPECTED TO REACH FULL CAPACITY IN EIGHT YEARS, IS ESTIMATED AT ABOUT DOLS220 MILLION, OF WHICH FOREIGN EXCHANGE COMPONENT WILL BE APPROXIMATELY DOLS47 MILLION. CURRENTLY, TRUCKS UPTO 7.5 METRIC TON PAYLOAD ARE BEING MANUFACTURED IN INDIA. PRODUCTION OF COMMERCIAL VEHICLES IN INDIA WAS ABOUT 45,000 IN 1973. DEMAND FOR THESE IS EXPECTED TO INCREASE TO 110,000 BY 1978/79.
3. THE GOI HAS CONTACTED SEVERAL LEADING FOREIGN COMPANIES INCLUDING INTERNATIONAL HARVESTER (USA), VOLVO (SWEDEN), BERLIET (FRANCE), MAN (WEST GERMANY) AND FIAT (ITALY). THE INTERNATIONAL.

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HARVESTER REPRESENTATIVE RECENTLY VISITED INDIA FOR PRELIMINARY

DISCUSSIONS BUT HAS YET TO SUBMIT A FIRM PROPOSAL. THE GOI IS REPORTED TO HAVE RECEIVED PROPOSALS FROM VOLVO AND MAN. ACCORDING TO MR. V.P. GUPTA, UNDER SECRETARY, DEPARTMENT OF HEAVY INDUSTRY, THE GOI HAS PROVIDED COMPLETE INFORMATION ON THE PROJECT TO WHITE MOTORS. ADDITIONAL DETAILS, CAN BE OBTAINED FROM MR. S.M. GHOSH, JOINT SECRETARY, MINISTRY OF INDUSTRY AND CIVIL SUPPLIES (DEPARTMENT OF HEAVY INDUSTRY), UDYOG BHAVAN, NEW DELHI 110011.

COMMENT: THIS APPEARS TO BE A HIGH PRIORITY PROJECT. INDIA'S RAPIDLY GROWING REQUIREMENTS FOR HEAVY DUTY TRUCKS AND THE GOI'S DETERMINED EFFORTS TO CURTAIL IMPORTS ARE THE TWIN OBJECTIVES FAVORING AN EARLY IMPLEMENTATION OF THE PROJECT. INDIA' IMPORTS OF VARIOUS CATEGORIES OF ROAD MOTOR VEHICLES, PARTS, COMPONENTS AND ACCESSORIES WERE VALUED AT DOLS40 MILLION DURING IFY 1973/74. SUITABILITY OF THE TRUCK DESIGN TO INDIAN CONDITIONS AND AVAILABILITY OF FINANCING FOR IMPORTS OF MACHINERY AND EQUIPMENT IN THE PROJECT WILL BE THE MAJOR CONSIDERATIONS IN THE SELECTION OF A FOREIGN COLLABORATOR.SAXBE

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**TAGS:** BEXP, IN  
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